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PROVISIONAL INTELLIGENCE REPORT

PETROLEUM IN THE SOVIET BLOC

CIVIL CONSUMPTION OF PETROLEUM PRODUCTS IN THE EUROPEAN SATELLITES

CIA/RR HR-17 (II-F)

24 June 1952

DOCUMENT NO. 11
NO CHANGE IN CLASS. (1)
1. DECLASSIFIED
CLASS. CHANGED TO: TS S 01989
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE 2-10-79 REVIEWER: 25X1

Note

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FOREWORD

This report is one of a series of provisional reports pertaining to petroleum in the Soviet Bloc. The entire series is intended to cover all phases of petroleum, natural gas, and synthetic liquid fuels in the Soviet Bloc. These reports are presented as an intermediate step in consolidating pertinent intelligence on the subject and not as a finished study. In the consolidation of the available information, various reports and documents representing research by other intelligence agencies were utilized along with the results of research and analysis by members of the staff of CIA.

It is intended that this series of reports will serve the following purposes:

- a. Represent a base for contributions and additions by CIA and other agencies actively interested in petroleum intelligence.
- b. Facilitate the selection of the specific and detailed gaps in intelligence warranting priority attention.
- c. Provide the basis for a broad study on petroleum in the Soviet Bloc and various studies directed toward specific critical problems.

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(OSR Project 6-52)

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ATION OF PETROLEUM PRODUCTS IN THE EUROPEAN

Summary

The civil economies of the European Satellites are forced to operate on the minimum availability of petroleum products under very strict governmental control. In 1949 and 1950 only about 40 percent of the domestic production from crude oil and synthetics was allocated for civil consumption, with the remaining 60 percent left at the disposal of the Soviets for military use, stockpiling and export.

During the next few years, as production increases, there may be a small increase in civilian consumption, but it will not correspond to the rise in availability. It is believed that by 1953 only an estimated 30 percent of domestic output will be used for civilian purposes. The household consumers, dependent to a large degree on kerosene for cooking and lighting, will not derive much benefit from the increased allocation. Rather, the more important categories such as industry, agriculture and essential transportation will absorb any increase. However, since the quantities of petroleum products allocated to the economy are entirely at the discretion of the governments, the pattern of consumption may and has changed as conditions dictate. Since the amount actually consumed for civil purposes represents the minimum requirements of the economy, it is doubtful that further cuts of any consequence could be made without jeopardizing its operation.

Although estimates of consumption for the individual countries by products and consumers can be made for 1951, it is preferable in forecasting future

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consumption only to estimate the total for the European Satellites as a unit.

Therefore, in the table below, the estimated total civil consumption by the area as a whole is shown for the years 1949 through the first half of 1953.

European Satellite Areas
Civil Consumption

	Thousands of Metric Tons
1949	2,640
1950	2,785
1951	3,080
1952	3,235
1st half 1953	1,695

Included in the civil consumption are estimates of the fuel consumption by the petroleum refining industry. Since gas is the principal fuel used in the refining of crude oil in the European Satellites, it has been assumed that only about 1 percent of the refinery crude runs is consumed by the industry in the form of residuals.

1. Rumania.

The stringent restrictions on civilian consumption necessitated by Soviet exploitation of the oil industry are impeding the development of the Rumanian economy. Shortages of gasoline, kerosene and fuel oil have been reported, and estimated domestic civil consumption in 1951 was only about 50 percent of prewar. ^{1/}*

The principal civilian consumers in 1951 were industry, rail transport, and water transport which together consumed 70 percent of the petroleum products allocated to the civilian economy. The estimated consumption of the major consumers by product in 1951 is shown in the following table: ^{2/}

Romania

1951 Estimated Civil Consumption

Consumers	Thousand Metric Tons				
	Gasoline	Kerosene	Gas oil, Diesel oil & Fuel oil	Lubes	Total
Industry	6	4	260	20	290
Water Transport	—	—	113	7	120
Rail Transport	—	—	102	8	110
Household	—	80	—	—	80
Motor Transport	49	—	17	4	70
Agriculture	4	9	53	4	70
Air Transport	5	—	—	—	5
TOTAL	64	93	545	43	745

There may be approximately a five percent rise in consumption in 1952 which can be accounted for principally by increased activity in industry, agriculture, and transportation. As a result, total civil consumption will probably reach 785,000 tons. However, the changes in the overall pattern of consumption will be only minor with the major increase being registered in the consumption of gas oil, diesel oil, and fuel oil.

2. Czechoslovakia.

Civilian petroleum consumption in Czechoslovakia totaled about 610,000 tons in 1951. Since Czechoslovakia is one of the most highly industrialized of the European Satellites, the economy is very severely handicapped by the restrictions placed on its consumption of petroleum products. The pattern of consumption in 1951 has been estimated as follows: 3/4/

Czechoslovakia

1951 Estimated Civil Consumption

Consumer	Thousand Metric Tons				
	Gasoline	Kerosene	Gas oil, Diesel oil & Fuel oil	Lubes	Total
Air Transport	13	—	—	—	13
Motor Transport	222	—	99	15	336
Rail Transport	24	—	25	1	50
Industry	31	2	43	8	84
Construction	3	1	6	2	12
Agriculture	11	33	65	6	115
TOTAL	304	36	238	32	610

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As in the case of Rumania, it is probable that civilian consumption has increased slightly to about 640,000 tons in 1952, but without much change in the overall pattern. The small increased availability will probably be allocated to industry in the form of diesel oil and fuel oil. Rationing of such products as motor gasoline will continue in effect.

3. East Germany.

The estimated distribution of liquid fuels in East Germany in 1951 is reported to have been as follows: 5/

Eastern Germany						
1951 Planned Distribution of Liquid Fuels						
Thousand Metric Tons						
Consumer	Gasoline	Kerosene	Diesel	Fuel Oil	Lubes	Total
Rail Transportation	2	1	3	3	9	18
Berlin	21	--	9	1	5	36
Water Transportation	1	--	4	--	--	5
Industry	124	10	46	34	38	252
Agriculture & Forestry	16	5	112	--	7	140
Central Government	15	--	13	35	6	74
State Governments	107	2	73	13	17	215
TOTAL	286	18	263	86	82	740

In addition to the above, about 100,000 tons of miscellaneous products were allocated to civilian reserves in 1951.

During the first quarter of 1952 planned allocations of petroleum products to the East German economy were reported to be at an increased annual rate. 6/ It is doubtful, however, that these plans are being carried out, but it is probable that consumption during the present year is larger than in 1951. The industries that are benefiting from the increased allocations are the ones that are contributing to the Soviet economic war potential and to essential transportation.

S-E-C-R-E-T**4. Poland.**

Poland's civilian requirements in 1951 have been estimated at 340,000

tons with official institutions, agriculture and industry consuming about 85 percent.

The abundance of high-quality coal relieves Poland of dependence on petroleum as

a primary source of fuel and energy. The allocation of liquid fuels is strictly

controlled by the government, and gasoline rationing was instituted in February 1951. ^{7/}

The table below gives the estimated civilian consumption of petroleum products in 1951. ^{8/}

Poland						
1951 Estimated Civil Consumption						
Thousand Metric Tons						
Consumer	Gasoline	Kerosene	Gas Oil, Etc.	Lubes	Other	Total
Air Transport	2	-	-	-	-	2
Agriculture	27	27	37	5	1	97
Official Institutions	95	2	13	7	3	120
Industry	27	2	19	13	9	70
Railroads	2	3	1	8	-	14
Cooperatives	<u>10</u>	<u>21</u>	<u>3</u>	<u>2</u>	<u>1</u>	<u>37</u>
TOTAL	163	55	73	35	14	340

Although there may be a small increase in 1952 in the amount of petroleum available for civilian consumption, it is not expected that it will be more than 5 percent nor will it change the pattern significantly.

3. Hungary.

Consumption for civilian purposes in Hungary was less in 1951 than in the years immediately preceding World War II. Estimates of consumption in 1951 by major products and principal consumers, based on allocations for a number of months in 1949, are shown in the following table. ^{9/}

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Hungary

1951 Civilian Consumption of Petroleum Products

Thousand Metric Tons					
Consumer	Gasoline	Kerosene	Diesel Oil, etc.	Lubes	Total
Industry	15.9	6.1	26.5	3.8	52.3
Road Transport	58.8	---	18.2	3.2	80.2
Shipping	2.5	---	3.2	0.3	6.0
Air Transport	3.8	---	---	0.1	3.9
Railroads	0.8	1.0	1.5	3.6	6.9
Agriculture	3.9	1.0	42.7	2.4	50.0
Domestic	---	40.7	---	---	40.7
TOTAL	85.7	48.3	92.1	13.4	240.0

Civilian consumption may increase slightly in 1952 but petroleum products will still be in short supply and the small increase will not aid the civil economy to any great extent. For example, gasoline rationing was instituted on 1 January 1951 and all private motor vehicles were ordered sold to the government, effective 9 January 1951. ^{10/} As far as is known these restrictions are still in effect.

6. Civilian Consumption of Petroleum Products in Austria, Bulgaria, and Albania

There is insufficient information to estimate the civilian consumption of petroleum products by consumers in the Soviet Zone of Occupation of Austria, Bulgaria and Albania. Estimates can be made, however, of the consumption by product. In 1951 these three areas used approximately 290,000 tons, 85,000 tons and 30,000 tons respectively, broken down as follows:

1951 Civil Consumption of Petroleum Products

Thousand Metric Tons			
Product	Soviet Zone Austria ^{11/}	Bulgaria	Albania
Motor Gasoline	64	16	10
Kerosene	20	29	4
Diesel oil, etc.	190	34	15
Lubricants	16	6	1
TOTAL	290	85	30

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As in the case of the other European Satellite Areas, it is probable that small increases in the 1952 civil consumption will be registered, but they will be of little consequence and will not effect the overall pattern. The allocation of petroleum to the civil economies will continue to be stringently controlled by the government.

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